Loss of revenue due to VAT in Andhra Pradesh

2291. SHRI K. RAMA MOHANA RAO:
SHRI RAMA MUNI REDDY SIRIGIREDDY:

Will the Minister of FINANCE be pleased to state:

(a) the details of States which have implemented VAT;

(b) whether it is a fact that the State Government of Andhra Pradesh has incurred loss due to introduction of VAT;

(c) if so, the loss incurred by Andhra Pradesh due to VAT since its adoption;

(d) whether the Central Government have compensated the State of Andhra Pradesh for the revenue loss incurred by it due to introduction of VAT;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) So far, 25 States/UTs have implemented VAT. These are Andhra Pradesh, Assam, Arunachal Pradesh, Bihar, Chandigarh Dadra & Nagar Haveli, Daman & Diu, NCT of Delhi, Goa, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Punjab, Sikkim, Tripura, Uttaranchal and West Bengal.

(b) and (c) The Government of Andhra Pradesh has furnished detailed calculations for loss of revenue on account of introduction of VAT and the claim for compensation, as per the agreed formula, for the period from April, 2005 to October, 2005. According to these calculations, Andhra Pradesh has incurred revenue loss of Rs. 314.74 crores up to October, 2005.

(d) to (f) As against the revenue loss of Rs. 314.74 crores reported by the Government of Andhra Pradesh upto October 2005, VAT compensation amounting to Rs. 314.04 crores has been released to the State Government. A deduction of Rs. 0.70 crore has been made from the compensation claim, as the same is attributable to the deviations from the approved VAT rates made by the State Government.